

1 weekend meeting with Mr. Boling and Mr. Sostek, you were  
2 provided with a copy of the limited partnership agreement.  
3 I just want to make sure that you and I are in sync on this.

4 My understanding of your testimony this morning is  
5 that shortly after this meeting means the next day?

6 A Again, if the meeting was on Monday, it was the  
7 next day. If it was on Sunday, it was two days later. If  
8 it was on Saturday, it was three days later. But, it was  
9 the first business day following Memorial Day weekend, and I  
10 note here that we said we faxed it and it's my recollection  
11 that I walked it over to his office.

12 Q Do you want to change your testimony, then?

13 A My recollection is that it was walked over, that I  
14 walked it over.

15 Q Now, let's talk about WHCT Management, Inc. for a  
16 moment. In paragraph 21, you state that it was to be a  
17 vehicle for ultimately transferring an ownership interest in  
18 the station to minority and non-minority employees who  
19 committed to work for the station without affecting my  
20 control as managing general partner. Did I read that  
21 correctly?

22 A Yes.

23 Q You also state that WHCT Management, Inc. was  
24 "intended to function as a second general partner if I were  
25 unavailable," is that correct?

1           A     That is correct.

2           Q     Why was a second general partner necessary?

3           A     Two reasons. One is, if you have an individual as  
4     a general partner and you have an untimely demise or his  
5     retirement -- in other words, if I'm in an accident and I  
6     die, the -- if I'm not mistaken, the business has to  
7     liquidate. So, the purpose of having two general partners  
8     very often is to avoid that issue.

9                     Secondarily, the concept of holding additional  
10    equity for the purposes of recruiting other people to work  
11    at the station on a sweat equity basis, which we did --  
12    that's where Terry Planell's interest came from. That's  
13    where Danielle Webb's interest came from, that's where the  
14    general sales manager, Don O'Brien's interest came from. It  
15    came out of -- I'm sorry, HCT Management, Inc. would not  
16    impact or dilute my 21 percent ownership interest, nor my  
17    voting shares in the business. They would always remain  
18    constant at the controlling voting participation level.

19          Q     Am I correct, sir, that in, I believe, November of  
20    1988, you acquired all the ownership interest in HCT  
21    Management, Inc., you, personally?

22          A     Yes, I did.

23          Q     What would have happened in the event of your  
24    untimely demise in December of 1988?

25          A     I don't think things could have gotten much worse

1 in 1988, Mr. Cole.

2 Q My question, though, is; if that were an  
3 appropriate mechanism for avoiding the untimely demise  
4 problem, that is, having a corporate general partner as well  
5 as an individual general partner, even though the corporate  
6 general partner was wholly-owned by the individual, why was  
7 that not utilized in 1984?

8 A Well, as I mentioned, the reason it was structured  
9 in '84 was as we state. In 1988, the reason I assumed  
10 ownership of it related to the evolution of the FCC's  
11 administrative proceedings.

12 In this record somewhere are some memos and  
13 letters from our counsel at Baker & Hostetler during 1984  
14 that articulated the evolution of the Commission's views  
15 relative to limited partners holding interest. It was not  
16 the case in 1984. Those were cases that were decided in  
17 administrative proceedings subsequent to our filing in the  
18 construction of this partnership, under this fashion.

19 It was recommended by the counsel at Baker, which  
20 at that time was Ed Hayes, that when we went through a  
21 comparative hearing, which we were preparing our renewal,  
22 license renewal for that fall, December of 1988, that the  
23 existence of an entity in the general partnership side of  
24 the business that was owned by the limited partners, was  
25 not, in and of itself, a violation of insulation.

1           But, what it did is, it detracted from my  
2     integration counting in a comparative hearing. I would only  
3     get credit for being, you know, 77.1 percent or 77.3 percent  
4     of an integrated owner-manager, as a minority in a  
5     comparative proceeding. And, therefore, someone who was one  
6     percent or 100 percent integrated ownership-management would  
7     have better standing.

8           So, on that advice of counsel, I assumed ownership  
9     of HCT Management, Inc. It could just have easily been  
10    liquidated and just given all to me. Clearly, it would have  
11    continued the potential liability that, had the sole general  
12    partner and 100 percent shareholder either met some untimely  
13    demise, that the business would have still been facing that  
14    bit of peril.

15          Q     Now, with respect to the second basis for having  
16    WHCT Management, Inc. that you discussed, that is, having  
17    the availability of ownership interest that could be  
18    provided to employees of the station, why did you need WHCT  
19    Management, Inc. to do that?

20          A     You didn't have to have it. It was advice of Mr.  
21    Hart that, in the area of being able to involve or recruit  
22    other minorities primarily, and/or other management, that,  
23    as I stated earlier, it would be simpler and a better  
24    presentation to not be diluting my 21. So, it was an  
25    accommodation or discussion or negotiation that we extracted

1 an additional commitment from these limited partners.

2 My recollection is that initially, it was, there  
3 was some threshold on there that we originally proposed to  
4 the Commission back in 1984 that said we would give as much  
5 as, I don't know, half or six out of the nine points there.  
6 We made a commitment that we would make at least that much  
7 available to recruit additional personnel.

8 That's not to say I could not reduce or have  
9 dilution on my part to increase minority participation or  
10 management participation. But, we negotiated and extracted  
11 an additional concession. The requirements of the law were  
12 20. We went over the law at 21. Additionally, we made a  
13 commitment -- or, I shouldn't say law. The FCC regulations  
14 were 20, we went at 21. Further, we extracted a commitment  
15 from the limited partners that they would make available out  
16 of HCT Management additional opportunities, and we  
17 subsequently did that.

18 We gave a point out of HCT Management, Inc. to  
19 Terry Planell, who is an Hispanic female, to Danielle Webb,  
20 who is an African-American female. Both worked at  
21 management at the station. Both had extensive industry  
22 experience.

23 We gave an interest out of that position to Don  
24 O'Brien, who was a Caucasian with extensive experience in  
25 television sales management. So, we did use it for that

1 intended vehicle.

2 Q Nice answer, but that wasn't my question. My  
3 question was, why did you need a second -- putting aside the  
4 first question about the untimely demise, why did you need a  
5 corporate entity or any other general partner in order to  
6 have interest to distribute? Why, for example, did you just  
7 not start up with 30 percent and then, with the  
8 understanding that you would deal off pieces of that down  
9 to, but not below, 21 percent?

10 MS. SCHMELTZER: Objection, Your Honor. With all  
11 due respect, I do think that Mr. Ramirez answered the  
12 question previously.

13 JUDGE FRYSIK: No, he didn't. You may answer.

14 THE WITNESS: I have no particular recollection or  
15 reason as to why other than what I've just stated.

16 JUDGE FRYSIK: This was a proposal by Mr. Hart,  
17 is that it?

18 THE WITNESS: My recollection is it was a  
19 suggestion or recommended structure on Mr. Hart's part.

20 BY MR. COLE:

21 Q Is it correct that it was understood by you and  
22 the other principals of Astroline from the inception of the  
23 partnership that WHCT Management, Inc. would be owned and  
24 controlled by those limited partners, that is, Mr. Boling,  
25 Mr. Sostek and the other limited partners?

1           A     Yes, yeah.

2           Q     So, at no point, theoretically, would they have  
3 relinquished their ownership interest in WHCT Management,  
4 Inc.?

5           A     Oh, no, they were prepared to do it to the full  
6 extent of its existence. Initially, as I said, I believe  
7 they had, we made a commitment to do at least -- I don't  
8 recall, some percentage of it was actually declared in the  
9 initial filings in 1984, that five points or whatever points  
10 of HCT Management, Inc. would be available. Then, later on,  
11 I think, we exceeded that threshold, obviously, in the  
12 parceling out to various management, and ultimately was  
13 passed to me.

14          Q     Did any WHCT employees --

15          A     I -- well, go ahead.

16          Q     -- ever acquire any general partnership interests  
17 from WHCT Management, Inc.?

18          A     No.

19          Q     In fact, it's true, isn't it, that all employees  
20 who ever acquired any interest acquired only limited  
21 partnership interest, isn't that right?

22          A     That was correct.

23          Q     So, if that's the case, why did WHCT Management,  
24 Inc. have to hold any general partnership interest at all?

25          A     I don't know.

1 Q Well, you formed the company, didn't you?

2 A Yes, with the advice of counsel.

3 Q You don't know why it was set up that way?

4 A I just explained to you why it was set up that  
5 way.

6 Q Now, did I hear you correctly that the employees,  
7 and I believe you mentioned Ms. Planell and Ms. Webb and Mr.  
8 O'Brien, who were able to acquire interest in Astroline from  
9 WHCT Management, Inc., did I hear you correctly that their  
10 interests were given to them under a sweat equity theory?

11 A I did not say that.

12 Q How were they provided their interests from WHCT  
13 Management, Inc.?

14 A It was recommended by Schatz & Schatz, Ribikoff &  
15 Kauffman, counsel in Hartford, and Arthur Andersen, that if  
16 we gave them general partnership interest, two things --  
17 well, there are two considerations. If we gave them general  
18 partnership interest, they would step into the liabilities  
19 of the business. At this point in time that this was being  
20 done, the liabilities of the station were quite high and the  
21 question of the license had already -- or the process of the  
22 questioning of the license had already begun.

23 In my discussions with Ms. Planell, her attorneys  
24 advised her not to take it, so we elected to give it to them  
25 as limited partners. Under the tax laws existing at that



1 time, if you gave someone a partnership interest and they  
2 were not an at-risk partner, it was as if you gave them  
3 cash.

4 So, if we'd given Ms. Planell a one percent  
5 interest, they would have done the math based on the new  
6 money that had come in, as you had done earlier, and you  
7 would not only give her an interest, you'd give her a tax  
8 bill.

9 So, the vehicle was created to allow them to buy  
10 an option. This was structured and created by Schatz &  
11 Schatz, Ribikoff & Kauffman. We created an extensive  
12 document that allowed them to have an option. We set a very  
13 reasonable strike price. I believe it was the appraised  
14 value of the station, which was produced by Frazier, Gross &  
15 Cadilek in late 1984 or mid-1984. And, we used that  
16 benchmark, where recollection was like 7.3 million or 7.1  
17 million or something like that.

18 So, then, we gave them a promissory note for their  
19 piece. We carried, the company carried the paper, if you  
20 will, therefore, there was no tax implications to them.  
21 When those pieces were retired, we forgave the promissory  
22 notes.

23 Q What do you mean, when those pieces were retired?

24 A At a point in time, Ms. Webb left the station  
25 prior to the vesting schedule, so her piece was retired and

1 returned to WHCT Management. Ms. Planell stayed at the  
2 station but elected to retire her piece, if I'm not  
3 mistaken. Mr. Webb, Mr. O'Brien left the station and again,  
4 his piece was retired.

5 Q When you say retired, am I correct that that meant  
6 that the interest went back to WHCT Management, Inc.?

7 A That's correct.

8 Q So, when the dust settled, WHCT Management, Inc.  
9 was right where it started, is that correct?

10 A At that point in time, yes.

11 Q Mr. Ramirez, could you take a look, please, at --  
12 hold on -- Your Honor, I'm missing a note. The red notebook  
13 and it's going to be Shurberg Exhibit 40. This is a three-  
14 page document that has a cover letter from Mr. Davenport to  
15 Mr. Boling. I want to direct your attention to the second  
16 page, which is the first page of an interoffice  
17 communication from Kent Davenport to files. Do you see  
18 where I'm talking about?

19 A I'm reading it now.

20 (Pause.)

21 Q My primary concern is paragraph two, but  
22 obviously, feel free to read as much of the document as you  
23 wish to make yourself comfortable.

24 A Paragraph two?

25 Q Yes.

1           A     Okay.

2           Q     Does that accurately state or do you recall a  
3 conference call in which those views were expressed by Mr.  
4 Boling?

5           A     I don't have a specific reference of this call.  
6 It is a group in which we very often held conference calls,  
7 the inclusion of Boling and Sostek, as well as their  
8 counsel, as well as ours. Roger Eastman is the managing  
9 partner at Coopers -- I'm sorry, that's this year's  
10 accountant -- at Arthur Andersen. George Nebel, as I  
11 mentioned before, is the partner in charge, or the associate  
12 in charge and Kent Davenport was the tax partner.

13                     So, it's a group that we had numerous conference  
14 calls. I don't recall this one, but I do recall the various  
15 actions that were subsequent or initiated or discussed here.  
16 I don't recall this call specifically.

17           Q     But, does paragraph two, to the best of your  
18 recollection, accurately state Mr. Boling's views that if  
19 any of the individuals who were acquiring interests, limited  
20 partnership interests, were to terminate, then HCT wanted  
21 the right to retain an option to acquire?

22           A     Yeah, I don't have any problem with that. That  
23 looks like what we did.

24           Q     Mr. Ramirez, could you --

25           A     I did, in fact, in paragraph two, I did, in fact,

1 work with, as I stated earlier, with Schatz & Schatz to  
2 determine a formula and a pricing structure under which  
3 those options would be executed and enacted.

4 Q Let me refer you now to the gray volume, I, with  
5 reference to Shurberg Exhibit 8. This is a letter addressed  
6 to you from Mr. Bacon with a one-page attachment, which  
7 appears to be a letter addressed to WHCT Management, Inc. to  
8 Don O'Brien.

9 By the way, in your description of Mr. Davenport's  
10 memo, which is Shurberg 40, you mentioned that one of the  
11 members or one of the participants in those conference calls  
12 was Mr. Boling's and Mr. Sostek's counsel. Were you  
13 referring to Mr. Lance?

14 A Yes.

15 Q Peabody & Brown was their individual counsel or  
16 was Peabody & Brown also counsel for Astroline  
17 Communications Company Limited Partnership?

18 A They did work for both.

19 Q But, in these conference calls that you talked  
20 about, was Mr. Lance there as a representative of the  
21 Boling, Sostek interest or Astroline Communications Company  
22 Limited Partnership?

23 A I would not say that that's a right  
24 characterization. I would say that Mr. Lance's role there  
25 was to perfect the partnership documents relative to ACCLP

1 and as demonstrated in numerous other instances, he acted to  
2 protect the interests of Mr. Boling and Mr. Sostek and their  
3 other investors. He sort of wore two hats.

4 Q Now, let me again redirect your attention to  
5 Shurberg Exhibit 8 and ask you to take a look at that and  
6 once you've reviewed it, I'll just ask a couple of questions  
7 on it.

8 (Pause.)

9 A Okay.

10 Q Look at the attachment there or the enclosure,  
11 which is the letter from Mr. O'Brien. I believe you  
12 testified earlier on that Mr. O'Brien was one of the  
13 employees who got a limited partnership interest from HCT  
14 Management, Inc., is that correct?

15 A Yes.

16 Q Am I correct in reading this that this is Mr.  
17 O'Brien giving that interest back?

18 A Yes.

19 Q Did he resign from the company, resign from WHCT?

20 A Yes, he did.

21 Q Do you recall Mr. Bacon sending you this, along  
22 with some other materials relating to Ms. Planell and Ms.  
23 Webb?

24 A I believe Carter Bacon, who was an attorney at  
25 Peabody & Brown, was sending back in the Planell and Webb

1 areas the documents after receiving the signatures of the  
2 HCT. So, the documents were prepared by Schatz -- Schatz &  
3 Schatz, which is our counsel locally, and Carter was  
4 responsible for getting the signatures of the HCT executives  
5 or the HCT Management, Inc. executives, in order to  
6 facilitate the transfer.

7 So, in the case of Webb and Planell, it's my  
8 recollection that he was sending those documents back after  
9 execution. In the case of O'Brien, he was getting the  
10 promissory note and retiring the interest, which would go  
11 into HCT Management, Inc.

12 Q But, it is after this date, that certainly as of  
13 December 30, 1985, Mr. O'Brien was no longer a limited  
14 partner of Astroline Communications Company Limited  
15 Partnership?

16 A Yes, December 11, 1985.

17 MR. COLE: Your Honor, as a matter of  
18 housekeeping, I had not offered Shurberg 8 yesterday. Now  
19 that Mr. Ramirez has testified about it, I offer it here.

20 MS. SCHMELTZER: No objection.

21 JUDGE FRYSIK: Received.

22 (The document referred to,  
23 having been previously marked  
24 for identification as Shurberg  
25 Exhibit 8, was received in

1 evidence.)

2 MR. COLE: Thank you, Your Honor.

3 BY MR. COLE:

4 Q Same notebook, Mr. Ramirez. If you would go over  
5 to Shurberg 10, please, which is a three-page document  
6 consisting of three single-page items relating to Ms. Webb.  
7 I believe you testified earlier on that Ms. Webb was another  
8 employee who obtained limited partnership interest and I'd  
9 like you to take a look at these and I'm going to ask you  
10 pretty much the same questions I just asked you about Mr.  
11 O'Brien.

12 A Okay.

13 Q Okay, again, is it accurate to understand these  
14 documents as Ms. Webb's resignation from WHCT and, in  
15 effect, the return of her partnership interest in  
16 consideration of the cancellation of the, or the return of  
17 the promissory note?

18 A Resignation as an employee. I don't -- I think  
19 there was separate documentation or paperwork on that  
20 retirement as a limited partner. Returning the interest to  
21 HCT Management, Inc., that is correct.

22 MR. COLE: Your Honor, I had not offered Shurberg  
23 10 and based on Mr. Ramirez' testimony, I'll offer it now.

24 MS. SCHMELTZER: No objection.

25 THE WITNESS: Just as a point, I don't have any

1 recollection of document two or the second page, power of  
2 attorney, or Mr. Rozanski's affidavit.

3 BY MR. COLE:

4 Q But, you recognize Ms. Webb's signature?

5 A Yeah, yes, and I have no reason to doubt them.  
6 Just, for the record, I don't recall them at all.

7 JUDGE FRYSIK: Exhibit 10 is received.

8 (The document referred to,  
9 having been previously marked  
10 for identification as Shurberg  
11 Exhibit 10, was received in  
12 evidence.)

13 MR. COLE: Thank you, Your Honor.

14 BY MR. COLE:

15 Q Again, Mr. Ramirez, go to Exhibit 11, please?

16 Again, just feel free to familiarize yourself with as much  
17 as you feel necessary, but I'm not going to ask detailed  
18 questions about all the fine print detail. I just want to  
19 confirm that this is Ms. Planell's agreement to acquire, I  
20 believe she acquired an extra 2 percent of Astroline. I  
21 just want to confirm that this is the document that reflects  
22 that acquisition?

23 A It appears to be that.

24 Q I'm sorry, your testimony is that it does appear  
25 to be Ms. Planell's acquisition of the extra 2 percent?



1           A     Mm-hmm, yes, I'm sorry.

2           Q     You've testified before, I can tell.

3           MR. COLE: Your Honor, I had withheld offering  
4 this and based on Mr. Ramirez' testimony, I offer it today.

5           MS. SCHMELTZER: No objection.

6           JUDGE FRYSIK: Exhibit 11 is received.

7                                 (The document referred to,  
8                                 having been previously marked  
9                                 for identification as Shurberg  
10                                Exhibit 11, was received in  
11                                evidence.)

12          MR. COLE: Thank you, Your Honor.

13          BY MR. COLE:

14          Q     Last for this segment, Mr. Ramirez, go to the red  
15 binder -- I'm sorry to keep moving you around from binder to  
16 binder --

17          A     That's all right.

18          Q     -- but that's why they're color-coded. I'm  
19 interested in having you review Shurberg Exhibit 42, please.  
20 Is this just follow up correspondence between you and Mr.  
21 Bacon about the document we just looked at?

22          A     It appears to be, yes.

23          MR. COLE: Your Honor, based on that, I offer  
24 Exhibit 43, Shurberg 43 -- I'm sorry, 42.

25          MS. SCHMELTZER: No objection.

1 JUDGE FRYSIK: Exhibit 42 is received.

2 (The document referred to,  
3 having been previously marked  
4 for identification as Shurberg  
5 42, was received in evidence.)

6 MR. COLE: Thank you, Your Honor.

7 BY MR. COLE:

8 Q Mr. Ramirez, let's go back to your testimony for a  
9 minute on page 10. We're moving along. You describe flying  
10 to Washington for a May 30th hearing conference before Judge  
11 Frysiak. And, my question to you about that is, do you  
12 recall that Shurberg Broadcasting of Hartford also attended  
13 that conference?

14 MS. SCHMELTZER: Objection, relevance.

15 JUDGE FRYSIK: He may answer. Objection is  
16 overruled.

17 THE WITNESS: I don't recall.

18 BY MR. COLE:

19 Q You don't recall that on the record of that  
20 hearing conference, Shurberg Broadcasting advised the Court  
21 of its pending application for Channel 18?

22 A I don't recall.

23 Q Do you recall when the first time you were aware  
24 of Shurberg Broadcasting's application for Channel 18, when  
25 you first became aware of that application?

1           A     During my discussions with Mr. Hart preceding the  
2     May Memorial Day weekend.

3           Q     So, you knew about it even before Astroline  
4     Communications Company was formed?

5           A     That is correct.

6           Q     Now, you spent, I believe your testimony is that  
7     between May and December of 1984, you spent time with Mr.  
8     Hart in Washington working on various matters, is that a  
9     fair statement?

10          A     Yes.

11          Q     I'm focusing particularly on paragraph 23,  
12     "Between May and December, I spent time working on the FCC  
13     filings." You were aware, weren't you, during that period  
14     of time that the FCC's general counsel had recommended to  
15     the full commission in August of '84 that your distress sale  
16     application would be denied?

17          A     I don't recall.

18          Q     You don't recall talking with Mr. Hart about that  
19     at all?

20          A     I don't recall that specific event. During that  
21     period of time, I worked with Mr. Hart reviewing the various  
22     filings and pleadings that were submitted. The exchange  
23     documents that were done before the Commission. I don't  
24     recall that specific event. There were a lot of documents  
25     and a lot of pleadings went back and forth in that period of

1 time, between the May 29th proceeding and the actual grant  
2 of the assignment in December.

3 Q But, your testimony today is that you were not  
4 aware at any time between May and December of 1984 that the  
5 General Counsel's Office had recommended to the Commission -  
6 -

7 MS. SCHMELTZER: Objection.

8 THE WITNESS: That's not what I said.

9 MS. SCHMELTZER: Objection. First of all, the  
10 witness doesn't recall anything about that. Secondly, there  
11 is no issue in this case about some sort of contacts with  
12 the General Counsel's Office prior to the release of the  
13 Commission's decision in December of 1984 and I'm not going  
14 to let Mr. Cole go on a fishing expedition here.

15 MR. COLE: Your Honor, I'm not fishing at all.  
16 Mr. Ramirez has testified at some length in writing  
17 concerning his apparent surprise that, all of a sudden, the  
18 Shurberg application would create a dark cloud over his  
19 title. And, it's my understanding that Mr. Hart had in his  
20 file -- certainly, we located in Baker & Hostetler files  
21 during discovery a copy of the draft memorandum of a pending  
22 order prepared by the General Counsel's Office, circulated  
23 to the Commission at a closed meeting and ultimately  
24 rejected by the Commission. But, the draft item was there.

25 And, I'm exploring with Mr. Ramirez whether or not

1 Mr. Ramirez, who, by his own testimony, was working with Mr.  
2 Hart during this period of time, was aware of that.  
3 Because, that certainly undermines the notion which is  
4 throughout his testimony that the Shurberg application and  
5 the problems it would cause was a huge surprise to him.

6 MS. SCHMELTZER: Well, I would, I don't think --

7 JUDGE FRYSIK: I thought the witness said that he  
8 doesn't recollect, but you may have him restate it.

9 Objection is overruled.

10 BY MR. COLE:

11 Q Could you answer my last question, please?

12 A Was I surprised?

13 Q No, my --

14 A I don't want to parse your questions, but I  
15 certainly wasn't surprised at the presence of Shurberg.  
16 What I was surprised about was the ultimate decision by the  
17 Appellate Court later on and then the reversal of the FCC at  
18 the Appellate Court two years later. I was surprised about  
19 that.

20 I was informed by my counsel that they felt that  
21 the grounds of Mr. Shurberg's standing in the case were  
22 merely frivolous in their opinion. That there was no window  
23 open for Mr. Shurberg to file. HCT, under Dr. Scott, Faith  
24 Center Inc. had been designated for hearing. TB9, I  
25 believe, is the case. Clearly showed Commission policy and

1 regulations at the time, that stations in hearing status  
2 were prevented or immune or off-line, off the renewal track  
3 and competitive applications or license challenges, new  
4 license challenges, would not be permitted. That was the  
5 way the FCC regulations were presented to me. That's how we  
6 reflected them in our pleadings.

7           It was always reflected by Mr. Hart and  
8 subsequently, when Mr. Shurberg appealed to the Appellate  
9 Court that December, after the grant by the Commission, that  
10 the case had no standing. We saw an outside interpretation  
11 by counsel at another law firm who was a former FCC  
12 Commissioner, who told us he felt the case had no standing,  
13 no grounds under which to be upheld, relative to the  
14 procedural argument that was being offered, that there was a  
15 timely-filed application by Mr. Shurberg.

16           The Commission's own statements and the memorandum  
17 opinion and order of December 7 stated that, while the  
18 question of the third bite, meaning the third try at a  
19 distress sale, was a closed question, there wasn't a  
20 question as to whether or not there was a pending  
21 application. That's my recollection of the events at that  
22 time.

23           Q     But, is it your testimony that you have no  
24 recollection of any information from Mr. Hart concerning a  
25 contrary opinion from the General Counsel's Office?

1 MS. SCHMELTZER: Objection.

2 JUDGE FRYSIK: It was answered, but he may answer  
3 again.

4 THE WITNESS: I have no recollection.

5 BY MR. COLE:

6 Q Thank you. Now, in paragraph -- I apologize, Your  
7 Honor. I misnoted. Paragraph 24 on page 11, you indicate  
8 in the final sentence that in closing on the WHCT  
9 acquisition in January of 1985, a promissory note was  
10 executed and you signed that as a general partner, is that  
11 correct?

12 A I believe so.

13 Q You weren't the only one to sign that promissory  
14 note, were you?

15 A I don't recall.

16 MR. COLE: Your Honor, may I approach the witness?

17 JUDGE FRYSIK: Sure.

18 MR. SHOCK: Mr. Cole?

19 MR. COLE: Oh, I'm sorry.

20 MR. SHOCK: Just because we're silent doesn't mean  
21 we're dead.

22 BY MR. COLE:

23 Q Mr. Ramirez, I'm handing you a document that's  
24 one, two, three, four pages in length. There's some other  
25 stuff attached to it, but ignore that. I just want to focus

1     you on the promissory note and confirm that it's the  
2     promissory note we're talking about and that it does have  
3     two signatures on it?

4             A     There are, indeed, two signatures.

5             Q     The second one is Mr. Boling, is that correct?

6             A     Correct, HCT Management, Inc. general partner Fred  
7     J. Boling, president.

8                     MR. COLE: Your Honor, I don't propose to make  
9     this an exhibit. All I wanted was the testimony that there  
10    were two signatures on it. He's identified that. I don't  
11    think I need to put it in the record, but I would be happy  
12    to if anyone prefers.

13                    THE WITNESS: Your Honor, is it permissible for me  
14    to have a conversation with my attorney?

15                    JUDGE FRYSIAK: Just a couple of minutes.

16                    MR. COLE: Do you want to take a break? A break  
17    is fine, sure.

18                    JUDGE FRYSIAK: Let's take five minutes, is that  
19    good enough?

20                    (Whereupon, a short recess was taken.)

21                    MR. COLE: Are we back on?

22                    JUDGE FRYSIAK: Yes, we're on the record.

23                    MR. COLE: I'll wait for the witness to get  
24    himself squared away with his water. Are you all set?

25                    THE WITNESS: Okay, thank you.



1 BY MR. COLE:

2 Q Now, Mr. Ramirez, moving ahead into 1985, as you  
3 mentioned earlier, the Shurberg appeal, and I think we could  
4 agree that was the case entitled Shurberg Broadcasting of  
5 Hartford v. FCC and it was Case No. 841600 in the D.C.  
6 Circuit. So, when we refer to the Shurberg appeal, we're  
7 working with that?

8 A I believe that's right.

9 Q I'd be happy to show counsel confirmation of that.  
10 In any event, am I correct that you were primary director of  
11 Astroline's litigation of that case?

12 A No, I believe Mr. Hart, who is our counsel, was,  
13 as his primary interface from the client, if you will, it  
14 was me.

15 JUDGE FRYSIAK: What did you mean by the word  
16 "director"?

17 MR. COLE: Well, Your Honor, I'm quoting some  
18 testimony that Mr. Ramirez gave up in Hartford in 1995,  
19 where he stated, and I'll be happy to show everybody this,  
20 and this is in the session on April 20, 1995. He said  
21 during this period of time, "I was directing litigation at  
22 the Circuit Court of Appeals." I was just trying to tie  
23 down exactly what he meant by that. I'll show other  
24 counsel. That is on Volume II, again, April 20, 1995, in  
25 the Bankruptcy Court, page 34 -- 2-34. Let me show the

1 witness.

2 BY MR. COLE:

3 Q Do you see what I'm talking about?

4 A Yep, yes.

5 Q So, what did you mean by that?

6 A What I meant by that was, I was the primary point  
7 of contact and made the key decisions relative to the course  
8 of actions we undertook on the defense or proactive  
9 activities relative to our litigation at the Circuit Court  
10 of Appeals and subsequently, returning to the FCC and at the  
11 Supreme Court.

12 Q So, you would review, am I correct, incoming  
13 pleadings and drafts of outgoing pleadings and things of  
14 that nature? Is that --

15 A That is correct.

16 Q That summarizes it?

17 A Telephone conference calls, yes.

18 Q Then, you would report back to the other Astroline  
19 partners about that?

20 A Sometimes I would report back to them, sometimes  
21 they'd be copied, sometimes they'd be on the calls, if I  
22 thought the issue were significant enough.

23 Q Now, on page 13 of your testimony in the third  
24 line, actually, second and third lines, you indicate that  
25 the Shurberg litigations caused Astroline to expend

1 substantial funds for attorneys' fees, do you see that?

2 A Thirteen, what line?

3 Q Line three, lines two and three on page 13?

4 A Yes.

5 Q A little bit lower on the page, lines 11 and 12,  
6 the sentence which reads, "Since the litigation involved a  
7 constitutional challenge to the FCC's minority distress sale  
8 policy, the cost of the litigation was very substantial."  
9 Do you see that?

10 A Yes.

11 Q Can you quantify that?

12 A I have a recollection of Mr. Rozanski, who was our  
13 controller and business manager, making a statement to me  
14 pretty far down the road, probably, in the bankruptcy that  
15 we'd spent over \$1 million in legal fees.

16 Q On the Shurberg case?

17 A No, I can't say specifically the Shurberg. I know  
18 we spent a lot of money with Schatz & Schatz in Hartford,  
19 dealing with the zoning issues, employee agreements,  
20 acquisitions of property and assets. In fact, maybe I  
21 recollect him saying it was \$1.5 million and that would have  
22 been in late 1988. It might have even been in 1989, because  
23 it was during the bankruptcy.

24 Q But, that included all the attorneys that worked  
25 for Astroline et al, which would include Schatz & Schatz,

1 Baker & Hostetler, is that correct?

2 A Correct.

3 Q Peabody & Brown?

4 A A few bills from Peabody & Brown. Peabody & Brown  
5 did not bill us a lot. The vast, vast majority of those  
6 payments would have gone to Schatz, Baker and related  
7 counsel for those litigations.

8 Q Mr. Ramirez, while you're getting yourself  
9 settled, I also remember from your deposition testimony that  
10 you had a back problem. Do you still have a back problem,  
11 would you like to stand up? We can ask Your Honor if that  
12 would be --

13 A I might do that in the afternoon session, if you  
14 don't mind, but I'm okay for now, thank you.

15 Q All right. At paragraph 29, page 14, and you  
16 don't have to review it, because I can read it to you,  
17 although feel free to review it, if you'd like; you refer to  
18 an offer in early 1987 from The Home Shopping Network in  
19 excess of \$17 million. Do you remember that?

20 A Yes, I do.

21 Q How much in excess of \$17 million was it, do you  
22 recall?

23 A I negotiated that agreement with Jim Boccock, who  
24 was then with Home Shopping, who is currently with Paxnet  
25 now. It could have been as much as \$19 million. I don't

1 recall specifically. I know it was high teens, and that's  
2 why I put 17 in.

3 Q But, you're not sure exactly what the number is?

4 A No, it could have been -- it was north of \$17  
5 million.

6 Q Is that the highest offer that you ever got for  
7 the station?

8 A Yes.

9 Q That assumed a clean license?

10 A It assumed a clean license.

11 Q Now, you mention in a subsequent section, the  
12 operation of WHCT section, that you supervised, among other  
13 things, the renovation of the station's building, do you  
14 recall that?

15 A Subsequent section, yes, I do recall.

16 Q I referred to subsequent section of your --

17 A Four?

18 Q Yes, section four of your testimony.

19 A Yes.

20 Q During that process, am I correct that you  
21 conferred periodically with Mr. Boling and/or Mr. Sostek  
22 about the renovation project?

23 A Yes.

24 Q Before you even started the project, isn't it  
25 correct that you provided them with the description of the

1 work you wanted to do and that they, then, approved that  
2 before you got started?

3 A I don't know if approval is how I would  
4 characterize it. It was my practice in there to be  
5 deferential to these gentlemen who were going to be putting  
6 up a lot of money. It was my practice to get their advice  
7 or two cents, if you will, on anything I wanted to do.

8 At times, they made suggestions and observations  
9 that were of value, which affected my decisions. But,  
10 "approval," I would not characterize it as such.

11 Q Let me refer you, Mr. Ramirez, to Shurberg 119,  
12 which you will find in the white album, what we refer to  
13 affectionately as the white album.

14 A Where is the walrus?

15 (Laughter.)

16 THE WITNESS: Which exhibit, I'm sorry?

17 BY MR. COLE:

18 Q 119.

19 A The infamous windows.

20 Q While you're looking at 119, you might also want  
21 to glance at 120, which I believe is an identical letter.

22 JUDGE FRYSIK: One twenty what?

23 MR. COLE: One twenty. I believe they're  
24 identical letters, one addressed to Mr. Sostek, one  
25 addressed to Mr. Boling, but you can confirm that once

1     you've looked at them.

2                     BY MR. COLE:

3             Q     Are you with me?

4             A     Yes, I am.

5             Q     So, on page two of this letter, you say at the top  
6     of the page, "You, Herb, have given the go-ahead for the  
7     windows." That's not "approval"?

8             A     No, no. The course of events and the practice  
9     here, was that I've presented the partners with the budget,  
10    based on, again, some documents that I've seen in here from  
11    the building company. We bid the construction renovations  
12    of the facility at 18 Garden Street out. We got bids from  
13    three construction companies.

14                    I reviewed them with the consulting engineer that  
15    I had engaged, Buck Perry out of Moffet, Larson & Johnson.  
16    We selected a vendor to do the construction management. It  
17    was a design build project, so that we could speed it  
18    through.

19                    In the course of that, certain work changes arose.  
20    In this instance, windows and a roof, which were not  
21    originally specified in the budget proposal. My intentions  
22    here were to confirm from the limited partners their  
23    willingness to invest the additional funding. Since I was  
24    completely dependent upon their continued investment, since  
25    they were well past the initial \$500,000, and since there

1 was an appeal pending before the D.C. Circuit here, which  
2 clouded the license, it was not a prudent thing to assume  
3 that they would keep sending money or be able to arrange  
4 outside financing. In fact, concurrent with this, there  
5 were attempts to arrange outside financing, which all failed  
6 as a result of the cloud on the license.

7 So, in this instance, I'm advising Mr. Sostek of  
8 the need for the building. If he's willing to advance the  
9 money, I'm going to go forward with it. If he's willing to  
10 advance only what we had discussed before, I would make a  
11 selection between the two. If he elected to invest all of  
12 the money, that's how I was going to spend it.

13 He didn't tell me what kind of windows to build,  
14 whether windows needed to be done or not done. It was  
15 whether or not he would be willing, and his partners, to  
16 send me the cash to do it for this purpose.

17 Q You just testified, if I heard you correctly, that  
18 at this period of time, and you would agree that the date on  
19 this letter is April 8, 1986, is that correct?

20 A Yes.

21 Q That the limited partners had not committed to  
22 providing any particular level of funding to the operation?

23 A It's my understanding that the partnership  
24 agreement required them to commit the \$500,000, which they  
25 had done, and were continuing to fund the business, while we



1 sought outside financing. But, there was no absolute legal  
2 requirement or no portfolio of funding that had been  
3 established.

4 Q Wasn't that changed as of December 31, 1985?

5 A I don't recall.

6 Q Now, in paragraph 36 of your testimony, the last -  
7 - I'm sorry -- the middle of the paragraph, there's a  
8 sentence which reads, "Neither Fred Boling, Herb Sostek or  
9 any other partner of Astroline Company had any involvement  
10 in hiring or firing employees." That's not true, is it?

11 A That is absolutely true.

12 Q Who hired you?

13 A I stand corrected. They did hire me.

14 Q Then, you hired people in turn and allowed them to  
15 hire people in turn, is that correct?

16 A They did not hire anyone else. They hired me.  
17 The correction to the statement is other than me.

18 Q Just a point of --

19 A They did not meet, interview, hire, fire, in any  
20 way evaluate any employee of that business in the entire  
21 time it was in existence. They met John Jordan, as  
22 referenced in one of these things, on a completely  
23 accidental basis. I happened to be having dinner with John  
24 Jordan in Boston. Mr. Sostek was having dinner in the same  
25 restaurant.

1                   On his way out, I introduced him to John Jordan,  
2                   told him he was a candidate for some position in the  
3                   business. They shook hands, left the restaurant.

4                   Q     And, the last sentence of that paragraph where you  
5                   refer to retrieving a partnership interest, that's what we  
6                   discussed earlier this morning, is that correct? Retrieving  
7                   a partnership interest there means, refers to going to the  
8                   individuals who had acquired limited partnership interests  
9                   from the HCT Management, Inc. and getting them back upon  
10                  their departure from the company?

11                  A     When an employee who had been given an interest in  
12                  HCT Management, Inc., such as Danielle Webb, departed, I did  
13                  inform Mr. Boling and Mr. Sostek or their counsels because  
14                  it involved retrieving a partnership interest. That's  
15                  correct.

16                  Q     Paragraph 37 --

17                  A     My informing them would set in motion all the  
18                  prior documentation that we have discussed here and  
19                  introduced.

20                  Q     Paragraph 37, at the top of page 18, you indicate,  
21                  you state that you engaged Mintz & Hoke, an advertising  
22                  agency in Avon. Do you see that?

23                  A     Yes.

24                  Q     Let me refer you, please, again, in the white  
25                  album, to Exhibit 114, one, one, four, and ask you to take a

1 look at that?

2 A Correct.

3 Q Is the Herb you refer to in this note Mr. Sostek?

4 A It would be my recollection that that's the only.  
5 Yes, it's a likely conclusion, that's a good conclusion.

6 Q Would you have sent this note to him before or  
7 after you engaged Mintz & Hoke?

8 A I don't recall. We had Rossin, Greenberg, Sernick  
9 & Hill, an advertising agency out of Boston, that did all of  
10 our initial logo preparation, graphics, marketing pieces,  
11 promotion pieces, collateral material at the station. It  
12 was an agency that John Jordan had had a prior relationship  
13 with and I had had a relationship with, based on my business  
14 experience in Boston.

15 We subsequently elected to switch from them for  
16 cost reasons and logistics reasons, they being in Boston and  
17 us being in Hartford. And, we did do a search of several  
18 agencies. This is -- my recollection is, we spent upwards  
19 of -- I don't know, a lot of money, \$600,000, \$700,000 in  
20 getting logos and graphics design and collateral material  
21 produced and initial marketing and advertising. It was a  
22 pretty big expense line in the budget.

23 Q Six hundred or \$700,000 for logos and advertising?

24 A And, placement of advertising. You know, buying  
25 time in TV guides and radio advertising schedules and so

1     forth. I would say that would be just a year. Six or  
2     \$700,000 would have been 12 months.

3             You will recall that 30 days prior to our  
4     launching, the Quincy Turner decision struck down the  
5     mandatory cable carriage, and HCT Management, Inc. or WHCT-  
6     TV went on the air at a substantial and dramatic  
7     disadvantage to our market competitors. Hartford,  
8     Connecticut or Hartford-New Haven television market was 70  
9     percent-plus cable penetrated and our competitors in the  
10    market enjoyed carriage in 700,000, 800,000, some as many as  
11    900,000 cable homes.

12            One of the things that we needed to do was to try  
13    and compel community response driven at cable companies to  
14    gain us carriage, because there was no regulation that  
15    required them to do so any longer. So, our marketing  
16    budgets took a turn in this instance, in an upward manner,  
17    in terms of our media expenditures, as a result of that.

18            Q     Now, your testimony at least two separate points,  
19    paragraph 39 and also over at paragraph 42, you mention the  
20    Columbine computer system. Let me ask you about that. Was  
21    the Columbine computer system a computer system which you  
22    brought into Hartford as part of your overall upgrading of  
23    the station?

24            A     Yes.

25            Q     What was the purpose of the Columbine computer?

1           A     Columbine is an integrated -- the company is still  
2     in existence today. It's got 25-plus years of experience in  
3     television and radio stations. It's an integrated traffic  
4     continuity and accounting system. Runs off of a central --  
5     in this era or that era, it ran on a System 34 IBM mini-  
6     mainframe. It's where you could insert all your  
7     programming, so you could create a log. It amortized your  
8     programming history to your contracts. It linked with your  
9     financial statements and you could actually construct and  
10    run your general ledger through it and all your financial  
11    reports.

12                You inserted your sales orders, your advertising  
13    orders into it, and it maintained your advertising logs,  
14    provided you the hard copy which was required by the FCC.  
15    Allowed you to then invoice clients and then run a payables  
16    and reconciliation process. So, it was a complete,  
17    integrated traffic financing program administration software  
18    and hardware system.

19                I had prior experience with traffic systems  
20    throughout all of my career, and in specific, with Columbine  
21    at Greater Media, where I oversaw the installation of the  
22    sales side of it in my responsibilities at the radio station  
23    in Boston. I attended Columbine management school, if you  
24    will, out in Golden, Colorado on two or three different  
25    occasions.

Heritage Reporting Corporation  
(202) 628-4888

1 Q Did you ski while you were up there?

2 A Unfortunately, on that trip, I didn't. It was in  
3 the summer.

4 Q Was your goal with the Columbine system to have  
5 everything integrated in-house in Hartford?

6 A Yes, to keep all of our record-keeping and have  
7 control of our general ledger and accounting recordability  
8 and clearly, all of our sales, advertising program  
9 inventory, daily needs.

10 Q But, you never had any checkbooks in Hartford, did  
11 you?

12 A Did not, until we went into the bankruptcy.

13 Q That would be late 1988?

14 A That's correct.

15 Q It's true, isn't it, that the reason you didn't  
16 have any checkbooks in Hartford is because Mr. Boling  
17 preferred to keep it that way?

18 A It was an accommodation I made to Boling and  
19 Sostek and their partners, yes.

20 Q It's also true, isn't it, that Astroline's own  
21 accountants, that would be Arthur Andersen, had initially  
22 recommended that the payments process, which includes  
23 cutting the checks, be moved from Mr. Boling's and Mr.  
24 Sostek's headquarters in Boston down to Hartford?

25 A That is correct.

1 Q But, that was never done?

2 A Not until we went into the bankruptcy.

3 Q In Astroline's bookkeeping system, what was a  
4 transmittal?

5 A Actually, ACCLP's.

6 Q I'm sorry, yes. Excuse me, let me just say for  
7 the record, that to the extent I slip into shorthand and  
8 refer to Astroline, I'm referring to Astroline  
9 Communications Company Limited Partnership. If I mean  
10 Astroline Company or Astroline Corporation or Astroline  
11 anything else, I will try to be specific about that. But,  
12 as long as we understand each other.

13 A Got it and I'm in sync with you. It was our  
14 practice to enter bills and payables into our accounting  
15 system, into Columbine, put them through the general ledger,  
16 put them into our payables. We had a process prior to that  
17 that each department had to sign off, essentially onto bills  
18 for their area. They were coded by department.

19 So, they'd go into our process and once they were  
20 inputted into our general ledger and into our payable  
21 system, they were then bundled and we created a transmittal,  
22 which was a sheet that, when attached to photocopies of the  
23 invoices, and it detailed what particular invoice was there,  
24 so if the copier payment was there or a program distributor  
25 payment was there or an electric utility bill was there, it

1 would be summarized on the transmittal and the transmittal  
2 would be given a number, transmittal number one through  
3 whatever.

4 Q Let me refer you to Shurberg 106, which is still  
5 in the white album there, and see if we can work through  
6 this fairly quickly.

7 A Okay.

8 Q This is a document, I believe, which came out of  
9 the Bankruptcy Court, so it may be familiar to you. It  
10 consists of what appears to be a cover memo from you to Mr.  
11 Boling, accompanied by a cash register tape and then a  
12 number of documents entitled "transmittal" with a lot of  
13 handwritten notations on them or handwritten entries on  
14 them. Are we reading off the same page?

15 A Yes.

16 Q So, going back to your description, the  
17 transmittal, am I correct, is the piece of paper which is  
18 entitled transmittal number whatever, and then each of the  
19 items listed on each transmittal is a bill or a payable for  
20 which you needed a check?

21 A They were -- correct, and this is how we directed  
22 Astroline Corporation, or Boling and Sostek's group, to do  
23 the payments, yes. So they would construct the transmittal  
24 of the checks, I should say, in reference to these specific  
25 items and they'd be matched to invoices or copies of the



1 invoices.

2 Q You sent these, you personally sent these to Mr.  
3 Boling personally, is that correct?

4 A No, I did not. I sent this, this particular  
5 document, I sent this memo to Mr. Boling. But, the normal  
6 course of business was that these transmittals were sent by  
7 our Accounting Department to their Accounting Department and  
8 for the most of the existence of the business prior to the  
9 bankruptcy, they just came back with checks attached to  
10 them, and I never spoke to anybody about them.

11 Later on, when the cash crunch on the business  
12 became extremely severe after Mr. Joel Gibbs' death, in  
13 particular, which compromised the ability of the partnership  
14 to continue funding, because his estate refused to put in  
15 their pro rata share, there was a limited amount of  
16 additional capital. They'd arranged the line just prior to  
17 his demise, his untimely death. They'd arranged an  
18 additional line. I believe it was \$10 million at State  
19 Street and Mr. Boling was parsing that out to us, covering  
20 payroll every month without question, then our collections,  
21 and then generally, on the order of an additional \$300,000,  
22 in addition to what we collected and payroll.

23 What we would do is, we would, as a normal course  
24 of accounting, send everything up just the way we always  
25 were doing it prior to these constrained times. They would

1 generally come back without any question, all the checks  
2 identified. I would sign them or Fred would sign them.  
3 Generally, I would sign them and they would go off.

4 When things got very crunched, we began to then  
5 have the transmittals stack up and then I would work with  
6 Fred to determine the priority of that month's allocation.  
7 So, depending on our collections, it would be \$300,000. It  
8 might be \$250,000, it might be \$325,000 that they advanced,  
9 and the process outlined in the memo refers to transmittals  
10 that were sent at a previous date, references specific items  
11 out there and I'm directed to be accumulated up to funding  
12 that we needed to release.

13 Q I'm sorry, I lost you just momentarily toward the  
14 end. When you say the transmittals are referenced in the  
15 memo, what transmittals and what memo?

16 A Okay, it says -- well, the memo, the document you  
17 showed me, which is Exhibit Shurberg 106, the front thing is  
18 a memo to me. It says, Xmittal. That's a shorthand for  
19 transmittal 413. It totals \$73,000. I want the insurance  
20 bill paid, the telephone bill paid, the ITS bill, etc.,  
21 because, as I said before, they're all beyond critical. I'm  
22 managing payables, I'm managing the agent. Mr. Boling is  
23 putting up money.

24 So, at this point in time, I'm at the Court of  
25 Appeals. The FCC has reversed itself. In fact, I'm not at

1 the Court of Appeals anymore, I've been remanded. I've lost  
2 to the Court of Appeals, I've been remanded back to the  
3 Commission. The Commission now has a different posture on  
4 this case. These limited partners are extremely compromised  
5 due to death of their other partner. Money has been going  
6 through the station now on the order of three-plus years,  
7 and things are tense. This is approximately five months  
8 before the company was pushed into bankruptcy, so this  
9 became our procedure.

10 They were allocating under the \$10 million line  
11 that had been set up just prior to Mr. Joel Gibbs' death,  
12 which I believe was late '86 or maybe '87, I don't recall  
13 specifically, parceling out what amount of that money they  
14 would advance each month, in addition to payroll, to cover  
15 bills that I prioritized.

16 I believe it's my testimony in the bankruptcy  
17 proceeding that this okay FHP here or FAP, whatever it  
18 happens to be, that's Fred's signature, that's Fred's  
19 approval to his accounting department to release the funding  
20 behind this thing, which, on the third page of the memo, you  
21 know, is \$175,000.

22 Q Just a minute, Mr. Ramirez, I think I've got a  
23 date for you to confirm on Mr. Joel Gibbs' death.

24 A It might have been fall of '86.

25 Q Well, I'll get back to you, but I believe it was

1 in May of '86.

2 A May of '86.

3 Q But, don't take my word for it, we'll confirm that  
4 later on. Now, turn if you would, please, over to Shurberg  
5 104.

6 A Can I say one other thing in reference to this  
7 specific document?

8 Q To 106?

9 A Yes.

10 Q All right.

11 A Some of the handwriting on this document occurred  
12 much later.

13 Q At the bankruptcy proceeding?

14 A Right, so some of these notations are from people  
15 who put them on much later on. The original written stuff  
16 on this document was the "okay" by Boling and these little  
17 checkmarks on the left hand side here.

18 Q What about the "return to 6/30 and 7/1 to  
19 Hartford"?

20 A I believe that that was put on by someone else,  
21 although I don't recall about that. My specific  
22 recollection is that the first time I looked at this during  
23 the proceedings, it had only Fred's thing on it, Fred's  
24 initials on it. This other stuff down here on the right,  
25 what does okay mean and so forth, is some member of the

1 bankruptcy proceeding.

2 Q I only -- yesterday --

3 A Okay, I just wanted to point that out.

4 Q Let's go over 104.

5 A Okay.

6 Q I don't mean to keep whipsawing you back and  
7 forth, but to get your testimony out, please, and I'm  
8 looking at page 19, paragraph 42. Twelve lines down into  
9 that paragraph is the following sentence: "Later on, as the  
10 financial condition of the station declined, I prioritized  
11 the payables and had telephone discussions advising Mr.  
12 Boling as to which bills needed to be sent," which is just  
13 what you've testified to.

14 A Needed to be paid, right.

15 Q I'm sorry, needed to be paid. What do you mean by  
16 "later on"? What is the time frame? Can you give me dates  
17 on that, please?

18 A Clearly, in 1988, we were doing that. We may have  
19 been doing that in the fourth quarter of '87.

20 Q That was now going back to Shurberg 104, which I  
21 just had you look at, and I'm referring specifically to the  
22 interoffice memo from Al to Richard, dated May 28, do you  
23 see what I'm looking at?

24 A Correct.

25 Q Am I correct that Al is Al Rozanski?

1           A     Yes.

2           Q     The process you're talking about in your written  
3     testimony involving the prioritization is over and above, am  
4     I correct, the process which is described in Mr. Rozanski's  
5     memo to you?

6                     (Pause.)

7           A     It is, it is above and beyond, and this is 1986,  
8     and the memo was 1988. So, I would say that this is what we  
9     were setting up, now that we had Columbine and everything  
10    had been in place for some time. My recollection is that  
11    this also came as a result of the Arthur Andersen management  
12    discussion of the audit from 1985, the need to clean this  
13    procedures and payables processing up internally.

14                    Then, you see the reference there that they're  
15    transmittalized, if you will.

16           Q     What does transmittalized mean, having them placed  
17    on a transmittal and sent to Boston?

18           A     Correct, and at this time, when this memo was  
19    done, they would go and the checks would just come back  
20    signed and, to my recollection, there were no discussions or  
21    questions. The funding just came and went.

22           Q     So, a transmittal was, in effect, a check  
23    requisition process?

24           A     A check verification process, yeah, yeah. I would  
25    say that's accurate.

1           Q     Am I correct in reading Mr. Rozanski's memo that  
2     you were going to hold all payables in Hartford until they  
3     were due, and then you would transmittalize them? In other  
4     words, you would wait until pretty much the last minute,  
5     when the check really had to be cut, then send it to Boston  
6     for the check to get cut, come back down and ship it out?

7           A     No, in 1986, as I stated before, I think there is  
8     more than adequate support of this in the record, that the  
9     transmittals would go up and the checks would come back  
10    immediately. And, there weren't any discussions about them.  
11    If we chose to age a bill, that was our decision. We would  
12    do it for various reasons, but at this time in the business'  
13    life, I -- we sent the documentation up, the checks were  
14    drawn and they came down and the banks were funded. We  
15    didn't bounce a check in the history of the business.

16          Q     I understand that. My question was, when you --  
17    under Mr. Rozanski's memo, the May 28, 1986 memo, under that  
18    system, when you sent a transmittal to Boston, the payables  
19    listed on that transmittal were due and you needed a check  
20    right away?

21          A     I -- I can't -- there were thousands of checks.  
22    It's my understanding that during this period of time,  
23    anything that we sent up to Boston had already been put  
24    through our system, was in our general ledger, was in our  
25    payables. We would bundle them up in transmittals for the

1 convenience of tracking them for both sides. When they were  
2 sent to Boston at this point in time, they were funded  
3 immediately or within a few days and returned. There were  
4 no issues or discussions relative to parsing out of  
5 available funding by Mr. Boling or I.

6 Q That process started, as I recall your testimony,  
7 late '87, early '88?

8 A As I said, my recollection is a little foggy on  
9 that. There were some seminal events in late '87, '88,  
10 relative to funding at that point in time and in early 1988.  
11 So, that's why I kind of pegged the time frame, but I don't  
12 have a specific recollection. That's just my recall of the  
13 flow of events.

14 Q Mr. Boling and Mr. Sostek both had check signing  
15 authority on Astroline's account, is that correct?

16 A Yes. Well, I know Mr. Boling did. I think Mr.  
17 Sostek did. I don't recall specifically.

18 Q They could write checks without your knowledge,  
19 would that be correct?

20 A They could if they elected to.

21 Q If you'd look at Shurberg 105, please? This is a  
22 commercial deposit account resolution and authorities for  
23 opening and maintaining deposit accounts for the Bank of  
24 Boston, and on page two of that, just check and confirm for  
25 me if you would please whether that's your signature?



1           A     Yes.

2           Q     Do you recall signing this document?

3           A     Not specifically.

4           Q     Am I correct in reading this document that it  
5 provides for signatories on an Astroline Communications  
6 account and the only two signatories listed are Mr. Sostek  
7 and Mr. Boling?

8           A     Only two signatories are --

9           Q     I refer you to the lower, just above the fold on  
10 the first page, where it lists authorized signers'  
11 certification of title, titles, names of signers on account.

12          A     I would submit that the document is inaccurate for  
13 a couple of reasons. One is what you're pointing out on  
14 that page as the signatures. And, on the second page, under  
15 my signature, it has me part of HCT Management, Inc., which,  
16 at that point in time, I was not.

17          Q     Well, let me just point out as far as that last  
18 observation concerning Mr. Ramirez, the partner or the party  
19 line immediately above your signature is Astroline  
20 Communications Company Limited Partnership and then your  
21 name is typed in underneath your signature. Immediately  
22 below your name it says, WHCT Management, Inc. by, and then  
23 Fred J. Boling, Jr., President, under that line, and then  
24 finally under the final line is Mr. Hart's name.

25          A     It's a little confusing, because it has ACCLP

1 above and then below me it has HCT Management, Inc. and then  
2 my name and then it has Fred's name and has president, but  
3 it doesn't have a company.

4 Q But, what I'm suggesting, you know --

5 A There are some inconsistent company names.

6 Q -- above the by-line and the identification of the  
7 individual signing is below the by-line, with an indication  
8 of that person's --

9 A But, that's not consistent, because my line, my  
10 name, in type, appears next to HCT Management, Inc., when  
11 Fred's name appears as president below. I'm just saying  
12 it's inconsistent there.

13 Q But, in any even, will you agree with me that on  
14 page one, inconsistencies notwithstanding, the document, as  
15 it appears here, would appear to create an account, the  
16 signatories on which are Mr. Sostek and Mr. Boling?

17 A It would appear to be, but I'm also looking at  
18 this document and I would suggest that someone go back --  
19 well, that's the tax identification number, because the  
20 company is referred to as Astroline Communications here.  
21 I'm not sure that, you know -- I don't have a specific  
22 recollection of this document. I'm wondering if it was ever  
23 used or done anything with. The company is misnamed.

24 Q That is your signature here?

25 A That is my signature here, yeah. I don't have